

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name ONEIDA CHARTER TOWNSHIP	County EATON
Fiscal Year End DECEMBER 31, 2005	Opinion Date APRIL 26, 2006	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.


We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) MANER, COSTERISAN & ELLIS, P.C.		Telephone Number (517) 323-7500	
Street Address 544 CHERBOURG DRIVE, SUITE 200		City LANSING	State MI
Zip 48917			
Authorizing CPA Signature 	Printed Name BRUCE S. DUNN	License Number 1101013142	

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional information)**

YEAR ENDED DECEMBER 31, 2005

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Walter P. Maner, Jr. (1921-2004)
Floyd L. Costerisan
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INDEPENDENT AUDITORS' REPORT

Township Supervisor and
Members of the Township Board
Oneida Charter Township
County of Eaton, Michigan

April 21, 2006

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Oneida Charter Township, County of Eaton, Michigan as of and for the year ended December 31, 2005 which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Oneida Charter Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Oneida Charter Township, County of Eaton, Michigan as of December 31, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Township Supervisor and
Members of the Township Board
Oneida Charter Township
County of Eaton, Michigan

April 21, 2006

The management's discussion and analysis budgetary comparison information on pages v through xi and 15 through 19 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oneida Charter Township's basic financial statements. The additional information presented in pages 21 through 26 is presented for purposes of additional analysis and are not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mayer, Costenaro & Ellis, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Oneida Charter Township (Township), we offer readers of the Oneida Charter Township's financial statements this narrative overview and analysis of the financial activities of the Oneida Charter Township for the fiscal year ended December 31, 2005 and 2004.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$953,000 (net assets). Of this amount, \$418,000 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$67,000.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$442,000, an increase of \$14,000 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$442,000, or 57 percent of total general fund expenditures.
- The Township's total debt decreased \$71,000. The key factor in this decrease was the paying down of debt based on the maturity schedules.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, economic development, and culture and recreation.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund in the required supplementary information to demonstrate compliance with budgets.

The basic governmental fund financial statements can be found on pages 1 and 2 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 3 of this report.

Notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 4 through 13 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Township's general fund budget. Required supplementary information can be found on pages 15 through 19 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$953,048 at the close of the most recent fiscal year.

By far the largest portion of the Township's net assets (56 percent) reflects its investment in capital assets (e.g., land, building, machinery, drain usage rights and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Oneida Charter Township's Net Assets

	Governmental activities	
	2005	2004
Current and other assets	\$ 623,704	\$ 871,373
Capital assets	1,127,151	1,147,512
Total assets	1,750,855	2,018,885
Long-term liabilities outstanding	520,951	591,919
Other liabilities	276,856	540,330
Total liabilities	797,807	1,132,249
Net assets:		
Invested in capital assets, net of related debt	535,230	484,623
Unrestricted	417,818	401,513
Total net assets	\$ 953,048	\$ 886,136

The balance of unrestricted net assets (\$417,818 or 44 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in both categories of net assets, for the government as a whole.

The government's net assets increased by \$66,912 during the current fiscal year. The majority of this increased represents the degree in which increases in ongoing revenues have outpaced similar increases in ongoing expenditures.

Governmental activities. Governmental activities increased the Township's net assets by \$66,912. Key elements of this increase are as follows:

Oneida Charter Township's Changes in Net Assets

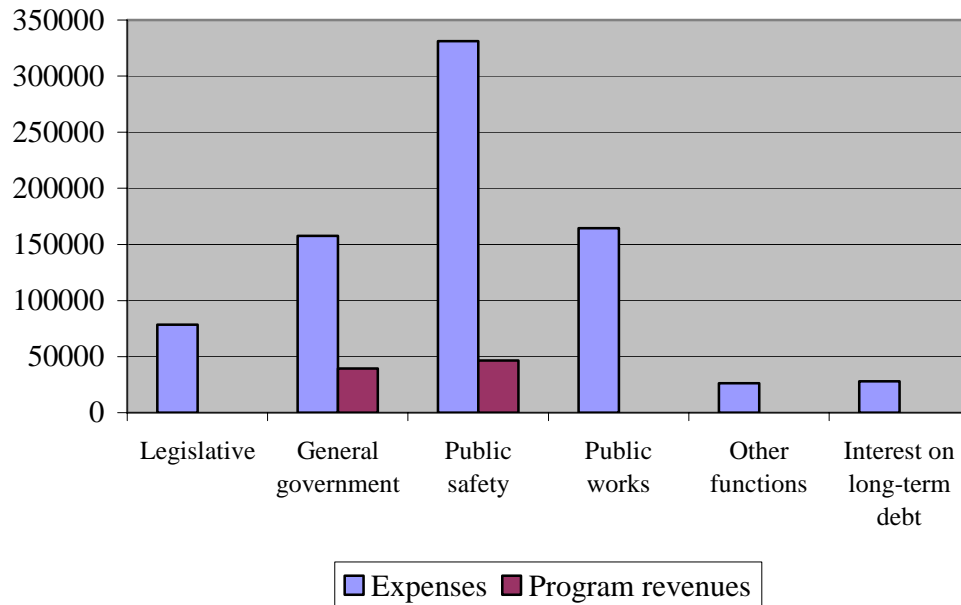
	Governmental activities	
	2005	2004
Revenues:		
Program revenues:		
Charges for services	\$ 85,889	\$ 72,818
Property taxes	458,850	423,392
State revenue sharing	252,859	245,427
Interest	12,937	5,415
Miscellaneous	42,099	56,958
Total revenues	852,634	804,010
Expenses:		
Legislative	78,611	93,832
General government	157,476	146,900
Public safety	331,036	318,391
Public works	164,311	40,009
Other functions	26,344	28,844
Interest on long-term debt	27,944	24,776
Total expenses	785,722	652,752
Increase in net assets	66,912	151,258
Net assets, beginning of year	886,136	734,878
Net assets, end of year	\$ 953,048	\$ 886,136

- Property taxes revenue increased by \$35,458 (8 percent) during the year. All of this increase is the product of an increase in property valuation and not an increase in millage.
- Overall government activities revenue is up \$48,624 from prior year. The State of Michigan increased its funding to the Township.

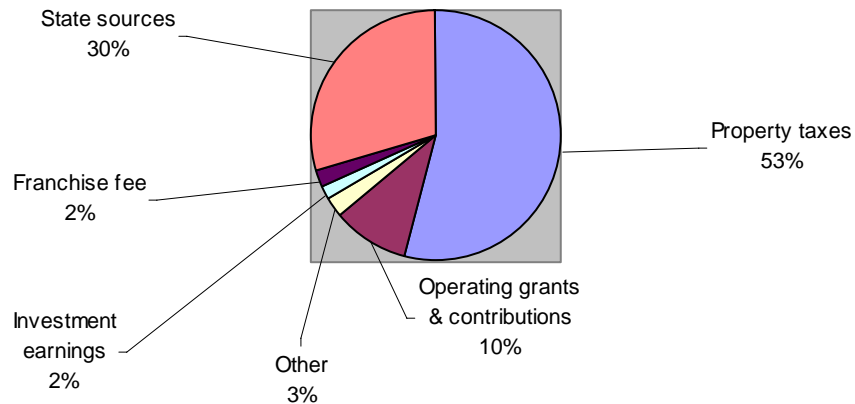
- Expenses for governmental activities went from \$652,752 to \$785,722, an increase of \$132,970. The increase is due mainly to increased public works projects (rebuilding of Jefferson Street).

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's general fund reported ending fund balance of \$442,300, an increase of \$14,155. This total constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor (\$8,404 decrease in change in fund balance) and can be summarized as follows:

- Special assessment - one time charges for drain assessments was lower than expected
- Contracted services - highway and streets on Jefferson Street

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of December 31, 2005, amounts to \$1,127,151 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and drain usage rights.

Additional information on the Township's capital assets can be found in Note 4 of this report.

Long-term debt. At the end of the current fiscal year, the Township had total long-term debt outstanding of \$591,921. The amount of \$391,006 of the Township's debt represents a mortgage payable for the new township hall. The remaining \$200,915 represents Eaton County Drain Assessments.

Additional information on the Township's long-term debt can be found in Note 6 of this report.

Factors Bearing on the Township's Future

These factors were taken into consideration when preparing the fiscal year 2006 budget.

Oneida Charter Township's goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2006 that also promotes and funds numerous project objectives.

The Township has deliberately made conservative estimates concerning state revenue sharing for fiscal year 2006 due to the budget constraints at the State level. It has also estimated investment earnings conservatively anticipating a slow increase in interest rates.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Manager's Office, 11041 Oneida Road, Grand Ledge, MI 48837-0037.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
BALANCE SHEET / STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	Balance sheet general fund modified accrual basis	Adjustments	Statement of net assets
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 84,657	\$	\$ 84,657
Investments	315,426		315,426
Receivables:			
Taxes - current and delinquent	74,072		74,072
Special assessments	5,344		5,344
Operating	12,885		12,885
External party - fiduciary fund	88,305		88,305
Due from other governmental units	43,015		43,015
TOTAL CURRENT ASSETS	623,704		623,704
Capital assets, net of accumulated depreciation		1,127,151 ⁽¹⁾	1,127,151
TOTAL ASSETS	\$ 623,704	1,127,151	1,750,855
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 18,947	\$	\$ 18,947
Accrued interest		24,482 ⁽²⁾	24,482
Deferred revenue	162,457		162,457
Current portion of long-term obligations		70,970 ⁽²⁾	70,970
TOTAL CURRENT LIABILITIES	181,404	95,452	276,856
NONCURRENT LIABILITIES			
Noncurrent portion of long-term obligations		520,951 ⁽²⁾	520,951
TOTAL LIABILITIES	181,404	616,403	797,807
FUND BALANCES:			
Invested in capital assets net of related debt		535,230	535,230
Unreserved, undesignated	442,300	(24,482)	417,818
TOTAL FUND BALANCE / NET ASSETS	442,300	\$ 510,748	\$ 953,048
TOTAL LIABILITIES AND FUND BALANCES	\$ 623,704		

⁽¹⁾ Capital assets used in governmental activities are not financial resources and are not reported under the modified accrual basis of accounting.

⁽²⁾ Long-term debt is not due and payable in the current period and is not reported under the modified accrual basis of accounting.

See notes to financial statements.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2005**

	Statement of revenue, expenditures and changes in fund balance general fund modified accrual basis	Adjustments	Statement of activities
REVENUE:			
Taxes	\$ 458,850	\$	\$ 458,850
Licenses and permits	39,289		39,289
State revenue sharing	252,859		252,859
Charges for services	46,600		46,600
Interest and miscellaneous	55,036		55,036
	<hr/>	<hr/>	<hr/>
Total revenues	852,634		852,634
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Legislative	78,611		78,611
General governmental	132,917	24,559 ⁽¹⁾	157,476
Public safety	331,036		331,036
Public works	155,225	9,086 ⁽¹⁾	164,311
Other functions	26,344		26,344
Debt service:			
Principal repayment	70,969	(70,969) ⁽²⁾	
Interest expense	30,093	(2,149) ⁽²⁾	27,944
Capital outlay	13,284	(13,284) ⁽¹⁾	
	<hr/>	<hr/>	<hr/>
Total expenditures	838,479	(52,757)	785,722
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	14,155	52,757	66,912
	<hr/>	<hr/>	<hr/>
FUND BALANCES/NET ASSETS:			
Beginning of year	428,145	457,991	886,136
	<hr/>	<hr/>	<hr/>
End of year	\$ 442,300	\$ 510,748	\$ 953,048
	<hr/>	<hr/>	<hr/>

⁽¹⁾ Governmental funds report capital assets as expenditures in the statement of revenues, expenditures and changes in fund balances. In the statement of activities these expenditures are capitalized and depreciated over their estimated useful lives.

⁽²⁾ Long-term debt is reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental fund. The adjustment represents the change of the year end liability compared to the prior year.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2005**

	<u>Agency fund</u>
	<u>Tax collection fund</u>
ASSETS	
Cash	\$ 1,669,612
LIABILITIES	
Undistributed tax collections:	
Due to general fund	\$ 88,305
Due to governmental units	1,581,307
TOTAL LIABILITIES	<u>\$ 1,669,612</u>

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Oneida Charter Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Oneida Charter Township include the accounts of all Township operations. The Township's major operations include planning and zoning, road maintenance, street lighting, cemetery, and general administrative services. The Township has no component units and is not a component unit of another government.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on the primary government.

The Township utilized the financial statement format recommended by the State of Michigan for single fund entities engaged only in governmental activities.

The Township maintains the general fund and an agency fund, but only the general fund is accounted for as a governmental fund.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the government reports the following fund type:

The *agency fund* is utilized to account for the Township's collection of taxes for other governmental units.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity

1. Cash and Investments

Cash includes amounts in demand deposits. Short-term investments include instruments allowed by state statute subsequently described. Short-term investments are carried at cost or amortized cost.

State statutes authorize the Township to invest in bonds, securities and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

3. Receivables

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls, which are secured by the underlying property.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (drain usage rights), are reported in the applicable governmental activity column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	39
Drain usage rights	50
Office equipment	10-20
Machinery equipment	15
Computer equipment	3

5. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

D. Assets, Liabilities and Equity (Concluded)

6. Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 - LEGAL COMPLIANCE - BUDGETS

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general fund. All appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to the first regular Township board meeting in October, the Township supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of a motion.
4. The Township Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - LEGAL COMPLIANCE - BUDGETS (Concluded)

6. Budgets for the general fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Township Board at various times. Individual amendments were not material in relation to the original appropriation. All annual appropriations lapse at fiscal year-end.

Excess of expenditures over appropriations in budgeted funds - During the year, the local governmental unit incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Budget item</u>	<u>Budget appropriation</u>	<u>Actual expenditure</u>	<u>Budget variable</u>
General fund - public works	<u>\$ 143,468</u>	<u>\$ 155,225</u>	<u>\$ (11,757)</u>

NOTE 3 - CASH AND INVESTMENTS

As of December 31, 2005, the Township had no investments as defined by generally accepted accounting principles.

Custodial credit risk - deposits. In the case of deposits, this is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2005, \$1,690,229 of the Township's bank balance of \$1,886,400 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The deposits are reported in the financial statements as follows:

Cash and cash equivalents - including fiduciary funds of \$1,669,612	\$ 1,754,269
Investments in certificates of deposit	<u>315,426</u>
	<u>\$ 2,069,695</u>

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS

The capital assets for the year ended December 31, 2005 were as follows:

	Balance December 31, 2004	Additions	Deletions	Balance December 31, 2005
Primary government:				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 75,483	\$	\$	\$ 75,483
Capital assets, being depreciated:				
Buildings	695,879			695,879
Machinery and equipment	8,676	6,839		15,515
Office equipment and furniture	63,652	6,445		70,097
Drain usage rights	454,314			454,314
Total capital assets, being depreciated	1,222,521	13,284		1,235,805
Less accumulated depreciation for:				
Buildings	18,345	18,696		37,041
Machinery and equipment	2,339	882		3,221
Office equipment and furniture	20,046	4,981		25,027
Drain usage rights	109,762	9,086		118,848
Total accumulated depreciation	150,492	33,645		184,137
Total capital assets, being depreciated, net	1,072,029	(20,361)		1,051,668
Total	\$ 1,147,512	\$ (20,361)		\$ 1,127,151

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 24,559
Public works	9,086
Total depreciation expense - governmental activities	\$ 33,645

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2005 is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Fiduciary	<u>\$ 88,305</u>

The purpose is to transfer funds from the tax collection fund to the general fund.

NOTE 6 - LONG TERM DEBT

Other long-term debt

The government issued installment notes to provide funds for the construction of a new township hall. The original amount issued in prior years was \$500,000. Installment notes outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest rate</u>	<u>Amount</u>
Governmental activities	3.39%	<u>\$ 391,006</u>

The government is assessed for drains at large by Eaton County. The assessment covers the Township's share of installation and usage rights for the drains. General assessment outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest rate</u>	<u>Amount</u>
Governmental activities	3.0% -13.5%	<u>\$ 200,915</u>

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG TERM DEBT (Concluded)

The annual requirements to amortize all debt outstanding are as follows:

Year ended December 31	Installment notes		General assessment	
	Principal	Interest	Principal	Interest
2006	\$ 44,970	\$ 12,864	\$ 26,000	\$ 11,807
2007	48,097	11,274	21,865	10,495
2008	49,741	9,630	21,865	9,183
2009	51,442	7,929	21,865	7,871
2010	53,201	6,171	21,865	6,559
2011-2014	143,555	7,333	87,455	13,119
	<u>\$ 391,006</u>	<u>\$ 55,201</u>	<u>\$ 200,915</u>	<u>\$ 59,034</u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2005 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
Installment note payable	\$ 435,975	\$ -	\$ 44,969	\$ 391,006	\$ 44,970
Eaton County Drain assessments	226,915		26,000	200,915	26,000
	<u>\$ 662,890</u>	<u>\$ -</u>	<u>\$ 70,969</u>	<u>\$ 591,921</u>	<u>\$ 70,970</u>

NOTE 7 - PROPERTY TAXES

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due without penalty prior to February 14. The Township bills and collects its own property taxes and also the taxes for the county, intermediate school district, community college and school districts. School district taxes are also collected and remitted to schools in July, August and September. Any taxes uncollected at September 14 are added to the winter tax roll. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year following the December 1 levy date. Property taxes levied for the ensuing year's revenue are included in taxes receivable and deferred revenue. Property tax receivables related to delinquent taxes are also deferred unless collected within 60 days of year-end.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PROPERTY TAXES (Concluded)

The Township is permitted by state statute to levy taxes up to \$1.00 per \$1,000 of assessed valuation for general government services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The Township levied \$.9106 per \$1,000 of assessed valuation for general government services.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township carries commercial insurance to cover any losses that may result from the activities described above. No settlements have incurred in excess of coverage for the year ended December 31, 2005 or any of the prior three years.

NOTE 9 - RELATED PARTY TRANSACTIONS

Oneida Township contracts with the Grand Ledge Area Emergency Fire Authority. Payments to the Authority in 2005 and 2004 amounted to approximately \$235,000 and \$236,000, respectively. The Winter 2004 tax roll was the last year the contract existed between Grand Ledge Area Emergency Fire Authority and Oneida Township.

NOTE 10 - SUBSEQUENT EVENT

Subsequent to year-end, the Township initiated a defined contribution pension plan. The plan is effective January 1, 2006. Subsequent to year end, the Township approved to fund the defined contribution plan totaling approximately \$16,000 for prior service costs. A description is as follows:

Money Purchase Retirement Plan

Oneida Charter Township has a Money Purchase Retirement Plan, which was established on January 1, 2006. This defined contribution plan covers all full time employees and elected officials. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus results of investments transactions. The Plan assets are invested by Manufacturers Life Insurance Company who is the trustee of the Plan. The Township acts as a public plan sponsor for the retirement plan. Vesting occurs at 100% immediately. The Township contributes 10% of the employees' base annual compensation, based on the contribution provisions set up in the plan and trust agreement. Plan provisions and contribution requirements are established and may be amended by the Township.

REQUIRED SUPPLEMENTARY INFORMATION

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2005**

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
REVENUES:				
Taxes:				
Current property tax - general	\$ 111,442	\$ 113,060	\$ 113,060	\$
Taxes - public safety		285,281	285,281	
P.A. 425 taxes	20,000	17,922	17,922	
Penalties and interest	3,000	3,485	3,485	
Property tax administration fees	40,000	39,102	39,102	
Total taxes	174,442	458,850	458,850	
Licenses and permits	25,000	39,289	39,289	
State revenue sharing	254,408	251,089	252,859	1,770
Charges for services	52,000	46,600	46,600	
Interest and miscellaneous:				
Interest:				
Interest income	5,000	12,015	12,937	922
Miscellaneous:				
Reimbursements	35,000	17,022	12,811	(4,211)
Special assessments	9,000	8,892	8,892	
Cable franchise fees	16,000	19,713	20,396	683
Total interest and miscellaneous	65,000	57,642	55,036	(2,606)
TOTAL REVENUES	570,850	853,470	852,634	(836)

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2005**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
EXPENDITURES:				
Legislative:				
Township board:				
Salaries	\$ 8,461	\$ 8,361	\$ 8,361	\$
Office supplies	3,000	3,358	3,358	
Operating supplies	1,000	188	188	
Audit services	6,000	13,772	13,772	
Legal services	30,000	27,742	27,742	
Other professional services	14,000	4,022	4,022	
Dues and membership	3,000	2,864	2,864	
Printing and publishing	4,000	4,054	4,054	
Other		14,258	14,250	8
Total legislative	<u>69,461</u>	<u>78,619</u>	<u>78,611</u>	<u>8</u>
General government:				
Township supervisor:				
Salaries	<u>12,242</u>	<u>12,242</u>	<u>12,242</u>	
Total township supervisor	<u>12,242</u>	<u>12,242</u>	<u>12,242</u>	
Elections:				
Salaries		505	505	
Printing and publishing		783	783	
Other		<u>396</u>	<u>396</u>	
Total elections		<u>1,684</u>	<u>1,684</u>	
Assessor:				
Salaries	<u>18,500</u>	<u>18,800</u>	<u>18,800</u>	
Other	<u>500</u>	<u>196</u>	<u>196</u>	
Total assessor	<u>19,000</u>	<u>18,996</u>	<u>18,996</u>	

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2005**

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
EXPENDITURES (Continued):				
General government (Concluded):				
Clerk:				
Salaries	\$ 25,000	\$ 25,000	\$ 25,000	\$
Deputy salaries	200	112	112	
Other	200	238	238	
Total clerk	25,400	25,350	25,350	
Board of review:				
Salaries	1,050	1,050	1,050	
Printing and publishing	125	171	171	
Total board of review	1,175	1,221	1,221	
Treasurer:				
Salaries	25,000	25,000	25,000	
Deputy salaries	200			
Other	200	175	175	
Total treasurer	25,400	25,175	25,175	
Hall and grounds:				
Utilities	9,000	8,283	8,283	
Repairs and maintenance	1,000	994	994	
Other		3,196	3,087	109
Total hall and grounds	10,000	12,473	12,364	109
Watershed Council	6,000	17,449	17,449	
Cemetery:				
Salaries	4,500	8,036	8,036	
Deputy salaries	4,500	5,150	5,150	
Contract services		2,200	2,200	
Supplies	700	1,858	1,858	
Repairs and maintenance	6,000	305	305	
Other	3,000	887	887	
Total cemetery	18,700	18,436	18,436	
Total general government	117,917	133,026	132,917	109

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2005**

	Original budget	Final budget	Actual	Variance with final budget positive (negative)
EXPENDITURES (Continued):				
Public safety:				
Fire:				
Contracted services	\$ 243,000	\$ 234,749	\$ 234,749	\$
Building inspections:				
Salaries	21,000	29,003	29,003	
MEP inspections	30,000	32,405	32,405	
Printing and publishing	500	506	506	
Other	2,500	1,776	1,776	
Total building inspections	54,000	63,690	63,690	
Zoning board:				
Salaries	21,000	29,003	29,003	
Board salaries	4,260	1,100	1,100	
Printing and publishing	1,000	902	902	
Other	1,500	1,592	1,592	
Total zoning board	27,760	32,597	32,597	
Total public safety	324,760	331,036	331,036	
Public works:				
Highways and streets:				
Contracted services	130,000	131,146	142,891	(11,745)
Public utilities:				
Utilities	15,000	12,322	12,334	(12)
Total public works	145,000	143,468	155,225	(11,757)
Other functions:				
Medicare and social security		12,459	12,459	
Insurance and bonds	18,000	11,473	11,473	
Workers compensation insurance		2,081	2,081	
Bank service charges		66	66	
Other		4,337	265	4,072
Total other functions	18,000	30,416	26,344	4,072

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2005**

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
EXPENDITURES (Concluded):				
Debt service:				
Drains at large principal	\$ 40,413	\$ 25,999	\$ 25,999	\$
Mortgage principal	44,970	44,970	44,970	
	<u>85,383</u>	<u>70,969</u>	<u>70,969</u>	
Total principal				
Drains at large interest		15,691	15,691	
Mortgage interest	14,400	14,402	14,402	
	<u>14,400</u>	<u>30,093</u>	<u>30,093</u>	
Total interest				
Total debt service	<u>99,783</u>	<u>101,062</u>	<u>101,062</u>	
Capital outlay:				
Township Board	3,000			
Elections		1,035	1,035	
Hall and grounds		5,410	5,410	
Cemetery	3,000	6,839	6,839	
	<u>6,000</u>	<u>13,284</u>	<u>13,284</u>	
Total capital outlay				
TOTAL EXPENDITURES	<u>780,921</u>	<u>830,911</u>	<u>838,479</u>	<u>(7,568)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (210,071)</u>	<u>\$ 22,559</u>	14,155	<u>\$ (8,404)</u>
FUND BALANCE:				
Beginning of year			<u>428,145</u>	
End of year			<u>\$ 442,300</u>	

ADDITIONAL INFORMATION

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
GENERAL FUND
BALANCE SHEETS
DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
ASSETS		
ASSETS:		
Cash and cash equivalents	\$ 84,657	\$ 170,523
Investments	315,426	207,817
Receivables:		
Taxes - current and delinquent	74,072	172,212
Special assessments	5,344	3,297
Operating	12,885	12,202
Due from fiduciary fund	88,305	264,077
Due from other governmental units	43,015	41,245
	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 623,704</u></u>	<u><u>\$ 871,373</u></u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 18,947	\$ 7,189
Deferred revenue	162,457	436,039
	<u> </u>	<u> </u>
TOTAL LIABILITIES	181,404	443,228
 FUND BALANCE:		
Unreserved, undesignated	442,300	428,145
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 623,704</u></u>	<u><u>\$ 871,373</u></u>

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON MICHIGAN
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
REVENUE:		
Taxes	\$ 458,850	\$ 423,392
Licenses and permits	39,289	20,679
State revenue sharing	252,859	245,427
Charges for services	46,600	52,139
Interest and miscellaneous	<u>55,036</u>	<u>62,373</u>
Total revenues	<u>852,634</u>	<u>804,010</u>
EXPENDITURES:		
Legislative	78,611	93,832
General government	132,917	123,071
Public safety	331,036	318,391
Public works	155,225	30,923
Other functions	26,344	28,844
Debt service:		
Principal repayment	70,969	48,545
Interest expense	30,093	27,798
Capital outlay	<u>13,284</u>	<u>67,112</u>
Total expenditures	838,479	738,516
Net change in fund balance	14,155	65,494
FUND BALANCE, beginning of year	<u>428,145</u>	<u>362,651</u>
FUND BALANCE, end of year	<u><u>\$ 442,300</u></u>	<u><u>\$ 428,145</u></u>

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
SCHEDULE OF INSTALLMENT NOTE PAYABLE
YEAR ENDED DECEMBER 31, 2005**

<u>Year</u>	<u>Building note</u>
2006	\$ 59,372
2007	59,372
2008	59,372
2009	59,372
2010	59,372
2011	59,372
2012	59,372
2013	<u>30,604</u>
	446,208
Less interest	<u>55,202</u>
	<u><u>\$ 391,006</u></u>

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
SCHEDULE OF GENERAL ASSESSMENT PAYABLE
DECEMBER 31, 2005**

<u>Year</u>	<u>Star Tile</u>	<u>Waldo & Branches</u>	<u>Property #458</u>	<u>Total</u>
2006	\$ 1,367	\$ 33,671	\$ 2,975	\$ 38,013
2007		32,360		32,360
2008		31,047		31,047
2009		29,736		29,736
2010		28,424		28,424
2011		27,112		27,112
2012		25,800		25,800
2013		24,488		24,488
2014		23,176		23,176
	<hr/>	<hr/>	<hr/>	<hr/>
	1,367	255,814	2,975	260,156
Less interest	<hr/> 67	<hr/> 59,034	<hr/> 140	<hr/> 59,241
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 1,300</u>	<u>\$ 196,780</u>	<u>\$ 2,835</u>	<u>\$ 200,915</u>

Note: Drains at large consists of drains installed by Eaton County Drain Commission in which the State of Michigan, homeowner, Oneida Township, and the Eaton County Drain Commission share the cost of installment. Oneida Township is assessed yearly for their share of the cost plus interest on the outstanding balance. Interest rates charged to the different projects range from 3.0% to 13.5%.

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED DECEMBER 31, 2005**

TAX COLLECTION FUND

	Balance January 1, 2005	Additions	Adjustments and payments	Balance December 31, 2005
ASSETS				
Cash	\$ 1,979,274	\$ 4,039,186	\$ 4,348,848	\$ 1,669,612
LIABILITIES				
Due to county	\$ 602,695	\$ 1,033,624	\$ 1,209,253	\$ 427,066
Due to schools	1,016,129	1,654,934	1,789,612	881,451
Due to State of Michigan	8,256	771,601	770,642	9,215
Due to libraries	81,820	128,067	136,233	73,654
Due to others	6,297	8,785	14,230	852
Due to GLAESA		189,069		189,069
Due to general fund	264,077	253,106	428,878	88,305
	<u>\$ 1,979,274</u>	<u>\$ 4,039,186</u>	<u>\$ 4,348,848</u>	<u>\$ 1,669,612</u>

**ONEIDA CHARTER TOWNSHIP
COUNTY OF EATON, MICHIGAN
AGENCY FUND
CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2005**

Balance, January 1, 2005	\$ 1,979,274
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Receipts:

Current taxes and assessments	\$ 3,976,529	
Delinquent taxes	17,922	
Administration fees	30,843	
Dog licenses	2,655	
Interest and penalties	3,485	
Overpaid taxes	7,752	

Total receipts	4,039,186
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Disbursements:

Eaton County	1,216,524	
Grand Ledge Schools	821,936	
Charlotte Schools	28,483	
Strange School	69,465	
Portland Schools	347	
Pottersville Schools	257	
Lansing Community College	413,657	
Eaton Intermediate Schools	456,567	
General fund	159,640	
Grand Ledge Library	136,233	
Refund taxes	7,752	
Grand Ledge Area Emergency Services Authority	272,160	
State of Michigan	765,827	

Total disbursements	4,348,848
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Balance, December 31, 2005	\$ 1,669,612
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Iamonte T. Lator
Bruce J. Dunn
Jeffrey C. Stevens
Linda I. Schirmer
Steven W. Scott
David M. Raeck
Robert E. Miller, Jr.
Steven B. Robbins
James E. Nyquist
James R. Dedyne

Timothy H. Adams
David B. Caldwell
Edward L. Williams, III
Timothy J. Orians
Dennis D. Theis

Walter P. Maner, Jr. (1921-2004)
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

April 21, 2006

To the Board of Trustees
Oneida Charter Township
Grand Ledge, Michigan

In planning and performing our audit of the financial statements of Oneida Charter Township for the year ended December 31, 2005, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The comments and suggestions regarding those matters follow. This letter does not affect our report dated April 21, 2006, on the financial statements of Oneida Charter Township.

Prior Year Comments - Resolved

Reconcile Bank Accounts on a Timely Basis

We recommended the Township reconcile bank accounts monthly. We are pleased to announce the Township is reconciling bank accounts timely.

Accounting Manual

We are pleased to announce the Township has developed an accounting manual.

Fully Integrate QuickBooks in the Accounting Department

We are pleased to announce the Township has fully integrated QuickBooks accounting software. In addition, the Township has acquired the necessary network hardware to link the users to avoid double entry of information.

Government Accounting Standards Board (GASB) Statement #40 “*Deposit and Investment Disclosures*”

We are pleased to announce the Township has implemented GASB #40.

Current Year Comments

During our audit, we noted the fire authority is now levying their own taxes. In the past, the Township has had approximately \$50,000 in additional revenue from the fire authority, which will no longer be the case. We recommend the board be cognizant of the loss of revenue and budget expenses accordingly.

Budget Compliance

We observed the actual expenditures exceeded the budgeted amount by \$11,757 in the general fund public works. Although the amount is relatively small and we believe the Township's budgeting policies and procedures are operating in proper manner, the Township should monitor the budget variances and amend the budget when necessary to comply with the uniform budgeting act. Please keep in mind that budget adjustments should be made before expenditures are actually made.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

To the Board of Trustees
Oneida Charter Township
Grand Ledge, Michigan

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April 21, 2006

This report is intended solely for the information and use of Oneida Charter Township, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Mama, Costenaro & Ellis, P.C.